

1. CORPORATE GOVERNANCE

During the reporting period, the Company established and strengthened internal control and supervision system, attentively implemented the governance principle and regulation required for a listing company. In practice, the Company enhanced legal awareness and managed the company by law. To optimize and improve the system of independent directors, the most recent shareholders' General Meeting discussed and approved to increase the number of Independent Directors to five people representing over one-third of the total number of directors. The Company has also amended "Articles of Association" focusing on the standards and conditions related to the procedures of approving guarantee to loan. In general, the actual performance of the Company's governance is in compliance with the Opinions of Corporate Governance on Listed Companies issued by China Securities Regulatory Commission.

2. EXECUTION OF DUTIES BY INDEPENDENT DIRECTORS

The Board of Directors has the following committees: strategic development committee, independent audit committee, remuneration committee, nomination committee and investment management committee. These special committees mostly constitute independent directors who hold the position of chief committee member. The Independent Directors attended every Board meeting and convened meetings of each special committee. The Independent Directors proposed many constructive suggestions and recommendations. They executed their duties in accordance with relevant law and regulations by putting forward independent opinions on the material events of the Company, safeguarding the interests of the Company and its medium and small investors. They performed their duties carefully and responsibly.

3. SEPARATION OF DUTIES IN TERMS OF BUSINESS, PERSONNEL, ASSET, ORGANIZATIONAL STRUCTURE AND FINANCE WITH THE COMPANY'S CONTROLLING SHAREHOLDERS

Currently the Company has operated independently from the Company's biggest controlling shareholders in terms of business, personnel, asset, organizational structure and finance. The Company has independent and complete business and self-governing capability, which is in compliance with relevant law and regulation.

4. ASSESSMENT AND REWARDING SYSTEM FOR SENIOR MANAGEMENT

The Company has adopted performance-based salary and risk annual salary system for senior management. The risk annual salary was connected to the Company's overall results. The senior staff was assessed on basis of individual performance and the realization of assigned operational target.